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APRIL 1989

OREGON LABOR TRENDS

State of Oregon • Employment Division • Department of Human Resources

INDICATORS

UNEMPLOYMENT RATE

Oregon (Seas. Adj.)

Mar.	1989	5.6
Feb.	1989	5.4
Mar.	1988	6.0

United States (Seas. Adj.)

Mar.	1989	5.0
Feb.	1989	5.1
Mar.	1988	5.6

WAGE AND SALARY EMPLOYMENT INDEX

Oregon (1977 = 100)

Mar.	1989	126.9
Feb.	1989	126.4
Jan.	1989	126.5
Dec.	1988	125.7
Nov.	1988	125.4

PRODUCTION WORKER AVERAGE HOURLY EARNINGS

Oregon

Feb.	1989	$10.73
Jan.	1989	$10.77
Feb.	1988	$10.72

PRODUCTION WORKER AVERAGE WEEKLY HOURS

Oregon

Feb.	1989	38.2
Jan.	1989	38.6
Feb.	1988	39.8

CONSUMER PRICE INDEX (CPI)

1982-84 = 100
ALL URBAN CONSUMERS

Portland-Vancouver

July-Dec. 1988	115.9
Yearly change	3.6%
Annual Average 1988	114.7
Yearly change	3.4%

United States

Mar. 1989	122.3
Yearly change	5.0%
Annual Average 1988	118.3
Yearly change	4.1%

Portland Hotline 221-4132

ECONOMIC EXPANSION CONTINUES

by David Cooke

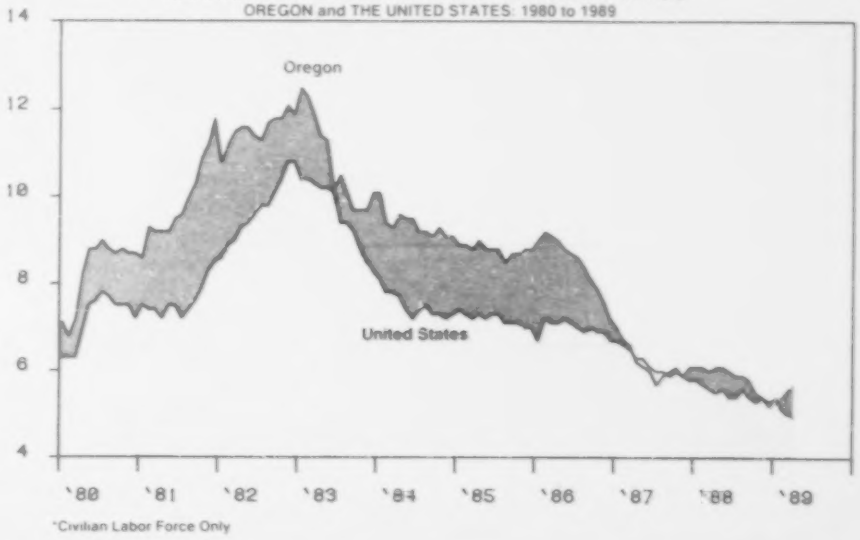
Oregon's economy is still expanding despite a slight rise in the unemployment rate. Oregon's seasonally adjusted unemployment rate rose to 5.6% in March, up 0.2 from the February figure. The Oregon rate has gradually risen in the last four months as follows: 5.2%, 5.4%, 5.4%, 5.6%. Looking only at the recent rise in the unemployment rate, however, is to be short-sighted. The current level of the rate is perhaps more significant. A rate of 5.6% is a sign of a healthy economy, and one which falls into the upper range of what many economists consider to be full employment. What's more, the March rate is still below the 1988 annual average of 5.8%. In fact, outside of the most recent six months, this is the lowest seasonally adjusted rate in sixteen years.

Wage & Salary Employment Index

With the unemployment rate on the rise, what indicator shows the expansion of Oregon's economy? An economic indicator which strongly suggests continued economic expansion is the wage & salary employment index. This employment index, a seasonally adjusted measure of the number of nonfarm jobs in the state, rose to 126.9 in March, up 0.5 from the February figure. This index means that after adjusting for typical seasonal variations (as an example, March's employment is typically 1.5% less than the annual average) Oregon's nonagricultural wage & salary employment is 26.9% above the base year 1977.

Since January 1988, the wage & salary employment index has averaged an increase of nearly 0.5 per month. Although the growth has been fairly steady over this period, the index did decline by 0.1 last month, which might be cause for concern. Before February's decline, the index hadn't shown any month-to-month drop in 37 months. However, the index has averaged a 0.4 per month increase in the last three months and a 0.5 per month increase in the last six months. Based on this indicator, then, Oregon's economy is continuing to expand in 1989 at almost the same rate as in 1988.

SEASONALLY ADJUSTED UNEMPLOYMENT RATES*
OREGON and THE UNITED STATES: 1980 to 1989



*Civilian Labor Force Only

The wage & salary employment index has several factors going for it which make it one of the most reliable employment indicators. First, it is accurate. The index is based on a survey of businesses, and is later compared with a near total count of employees, which is derived from unemployment insurance tax files. The index is rarely revised a great deal: last year the average monthly revision was only 0.1. By comparison, Oregon's monthly unemployment rates are subject to more error and year-end revisions. In 1988, for example, Oregon's raw unemployment rates were revised at year-end by an average of about 0.2 percent. The largest revision of any single month was 0.6 percent in November. For the state's seasonally adjusted unemployment rate, the largest monthly revision was 0.3 percent in both June and September.

Second, the wage & salary employment index is stable. It does not fluctuate as much as the unemployment rate. The unemployment rate may increase in times of an economic surge simply because many people with improved expectations enter the workforce when they previously had been discouraged from trying to find a job. In times of economic expansion, the wage & salary employment index marches steadily higher as the number of employed workers expands. Since Oregon has been experiencing an economic expansion over the last six years, this index has been increasing fairly steadily since December 1982. Also, when the economy reaches a turning point the employment index will turn with it. This is what happened at the end of 1982, at the start of the recovery.

Third, the index is comparable. Not only can the employment level of one month be compared with the preceding or following month, but also the employment trends of different states or the trends of one state with the United States can be compared. For example, each issue of **Oregon Labor Trends** contains a graph comparing the Oregon and U.S. wage & salary employment indexes.

Looking at the employment index graph brings up some interesting questions. Is Oregon's employment growing faster than the U.S.? Is Oregon finally catching up to the rest of the nation after being hit hard by the recession of the early 1980s? A second graph shows the percent difference between the employment indexes for Oregon and the U.S. Looking at 1985 through the present, it becomes clear that the percent difference is shrinking. Oregon is indeed catching the U.S. in employment growth.

Oregon is indeed catching the U.S. in employment growth.

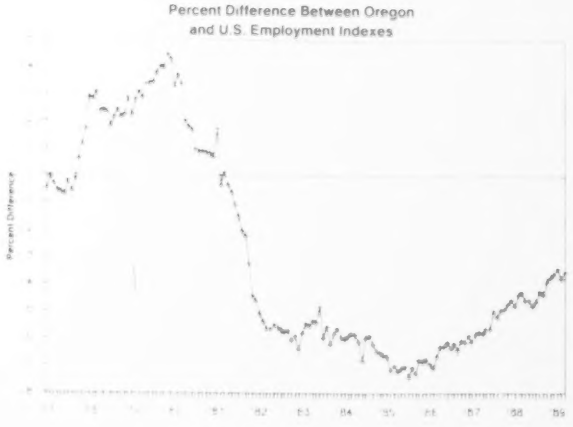
Turbulent Lumber & Wood

Turning to individual industries within the Oregon economy, lumber & wood products deserves first mention. Production in the first quarter of 1989 is off from the same period last year. Structural panel production in the U.S. is 5.0% lower than the first quarter of 1988 according to the American Plywood Association's Structural Panel Statistics report. Softwood lumber production for the Coast Region (the area west of the Cascade Range in Oregon and Washington) is off 11.4% through the first week in April compared with the same period a year ago, according to the Western Wood Products Association's "Barometer".

Part of the drop in production is due to the labor-management disputes of Roseburg Forest Products. Before the dispute started on January 10th, the company employed over 3,000 in its plywood, lumber, and particleboard mills. Combined, Roseburg Forest Products employment represents nearly 5% of Oregon wood products employment. With their mills now idled for over three months, the production capacity of this region, if not the actual production, has certainly diminished.

The wood products industry is facing serious raw material supply problems now and in the future. Several key issues are coming to a head in the industry. Decisions on these will have a major effect on the industry and, in turn, the Oregon economy.

1. New resource management plans for the region's national forests are being finalized. These plans will guide the management of the forests for the next 10 to 15 years.
2. The recent upsurge in the volume of logs being exported from Oregon is cramping the resource acquisition efforts of local mills, which are in direct competition with foreign countries for these same resources.
3. Environmental concerns over old growth forests and wildlife habitat preservation have left in question the amount of public timber that will be available for logging. One of these issues will be a step closer to resolution on or before May 1, when the U.S. Fish & Wildlife Service decides whether to recommend including the Northern Spotted Owl on the list of threatened or endangered species. Either way the final decision goes, it will likely be appealed by environmentalists or the industry.



RESIDENT OREGON LABOR FORCE

	MAR.[1] 1989	FEB.[2] 1989	CHANGE	%CHANGE	MAR.[3] 1988
CIVILIAN LABOR FORCE[1]	1,439,300	1,435,200	4,100	0.3	1,391,700
UNEMPLOYMENT	88,800	89,600	-800	-0.9	91,700
PERCENT OF LABOR FORCE	6.2	6.2	XXX	XXX	6.6
SEASONALLY ADJUSTED PERCENT	5.6	5.4	XXX	XXX	6.0
TOTAL EMPLOYMENT[4]	1,350,500	1,345,600	4,900	0.4	1,300,000

[1]*Preliminary*
[2]*Revised*
[3]*Includes employed and unemployed individuals 16 years and older. Data are adjusted for multiple job holding and commuting.*
[4]*Includes nonagricultural wage and salary, self-employed, unpaid family workers, domestics, farm workers, and labor disputants.*
[5]*Due to revised estimating procedures between December 1988 and January 1989, data for 1989 and that of previous years are not strictly comparable.*

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT (BY PLACE OF WORK)

INDUSTRY	MAR.[1] 1989	FEB.[2] 1989	MAR. 1988	CHANGE FROM FEB. 1989	CHANGE FROM MAR. 1988
TOTAL[3]	1,170,500	1,158,400	1,123,600	12,100	46,900
WAGE & SALARY EMPLOYMENT INDEX[4]	126.9	126.4	121.8	XXX	XXX
TOTAL MANUFACTURING	208,200	207,100	207,600	1,100	600
DURABLE GOODS	153,200	151,800	153,100	1,400	100
LUMBER & WOOD PRODUCTS	63,900	63,500	67,600	400	-3,700
LOGGING & SAWMILLS	32,700	32,600	34,300	100	-1,600
VENEER & PLYWOOD	14,600	14,500	17,600	100	-3,000
MILLWORK & STRUCTURAL WOOD	10,700	10,600	9,900	100	800
MOBILE HOMES	1,800	1,800	1,400	0	400
OTHER WOOD PRODUCTS	4,100	4,000	4,400	100	-300
FURNITURE AND FIXTURES	2,700	2,600	2,700	100	0
STONE, CLAY, GLASS & CONCRETE	4,100	4,000	3,700	100	400
PRIMARY METALS	10,800	10,700	9,900	100	900
BLAST FURNACES, IRON & STEEL	6,500	6,400	5,800	100	700
NONFERROUS METALS	4,300	4,300	4,100	0	200
FABRICATED METALS	11,900	11,600	10,400	300	1,500
FABRICATED STRUCTURAL METALS	5,400	5,100	4,300	300	1,100
OTHER FABRICATED METALS	6,500	6,500	6,100	0	400
MACHINERY	18,000	17,900	17,000	100	1,000
ELECTRICAL EQUIPMENT & SUPPLIES	16,200	16,100	14,700	100	1,500
TRANSPORTATION EQUIPMENT	10,500	10,300	11,100	200	-600
INSTRUMENTS & RELATED PRODUCTS	11,500	11,500	12,300	0	-800
MISCELLANEOUS MANUFACTURING	3,600	3,600	3,700	0	-100
NONDURABLE GOODS	55,000	55,300	54,500	300	500
FOOD & KINDRED PRODUCTS	20,100	20,700	20,400	600	-300
CANNING & PRESERVING	9,000	9,600	9,800	600	-800
OTHER FOOD PRODUCTS	11,100	11,100	10,600	0	500
TEXTILE MILL PRODUCTS	1,700	1,600	1,800	100	-100
APPAREL	2,700	2,600	2,500	100	200
PAPER & ALLIED PRODUCTS	8,900	8,900	9,000	0	-100
PRINTING & PUBLISHING	13,600	13,600	13,400	0	200
CHEMICALS & ALLIED PRODUCTS	2,200	2,200	2,100	0	100
PETROLEUM REFINING	500	500	500	0	0
RUBBER & PLASTIC PRODUCTS	4,800	4,700	4,300	100	500
LEATHER PRODUCTS	500	500	500	0	0
TOTAL NONMANUFACTURING	962,300	951,300	916,000	11,000	46,300
MINING & QUARRYING	1,300	1,200	1,300	100	0
CONSTRUCTION	37,600	36,500	34,800	1,100	2,800
TRANSPORTATION, COMMUNICATIONS, & UTILITIES	62,000	61,800	59,100	200	2,900
TRANSPORTATION	40,400	40,300	37,800	100	2,600
RAILROAD	3,900	3,800	3,900	100	0
TRUCKING & WAREHOUSING	22,100	22,300	21,400	200	700
OTHER TRANSPORTATION	14,400	14,200	12,500	200	1,900
COMMUNICATIONS	12,700	12,700	12,500	0	200
UTILITIES	8,900	8,800	8,800	100	100
TRADE	296,400	293,100	279,000	3,300	17,400
WHOLESALE TRADE	75,900	75,200	69,500	700	6,400
DURABLE GOODS	44,500	44,000	40,500	500	4,000
NONDURABLE GOODS	31,400	31,200	29,000	200	2,400
RETAIL TRADE	220,500	217,900	209,500	2,600	11,000
GENERAL MERCHANDISE	27,700	27,700	27,100	0	600
FOOD STORES	38,200	37,800	34,400	400	3,800
AUTO DEALERS & SERVICE STATIONS	27,500	27,100	26,900	400	600
OTHER RETAIL TRADE	127,100	125,300	121,100	1,800	6,000
FINANCE, INSURANCE, & REAL ESTATE	74,600	74,300	72,700	300	1,900
BANKING & CREDIT AGENCIES	23,500	23,500	23,600	0	-100
OTHER FINANCE, INSURANCE, & REAL ESTATE	51,100	50,800	49,100	300	2,000
SERVICES	270,300	266,700	254,900	3,600	15,400
HOTELS & PERSONAL SERVICES	27,700	26,800	27,100	900	600
HEALTH SERVICES	81,200	80,300	76,100	900	5,100
OTHER SERVICES	161,400	159,600	151,700	1,800	9,700
GOVERNMENT	220,100	217,700	214,200	2,400	5,900
FEDERAL GOVERNMENT	30,800	30,700	29,600	100	1,200
STATE GOVERNMENT	60,700	60,200	59,300	500	1,400
EDUCATION	25,700	25,600	25,700	100	0
OTHER STATE	35,000	34,600	33,600	400	1,400
LOCAL GOVERNMENT	128,600	126,800	125,300	1,800	3,300
EDUCATION	82,700	81,700	81,000	1,000	1,700
OTHER LOCAL	45,900	45,100	44,300	800	1,600
LABOR MANAGEMENT DISPUTES	3,800	3,800	200	0	3,600

[1]*Preliminary*
[2]*Revised*
[3]*Includes full and part time nonfarm wage and salary workers in pay periods including the 12th of the month. Proprietors, self-employed, private household workers and armed forces excluded. Note: Estimated in cooperation with the U.S. Bureau of Labor Statistics and Employment and Training Administration. All data are based on the 1972 Standard Industrial Classification (SIC) codes as amended by the 1977 supplement.*
[4]*Total nonagricultural wage and salary employment, seasonally adjusted, and indexed to 1977. Data on the earlier index (1972 = 100) can be converted to the 1977 base period by multiplying by a factor of .8264, the ratio between 1972's Annual Average Employment (774,300) and that of 1977 (936,900).*

Although much remains to be decided about the future of lumber & wood products in Oregon, the industry has already shown the effects of a tight timber supply. From July 1988 through June 1989, 31 mill closures affecting 2,900 workers have either occurred or been announced. Some of these closures are temporary, and not all closures are due to unavailability of logs at prices that would allow profitable mill operation. However, many of the companies have cited lack of logs as the primary reason for the closures.

A couple of bright spots in the Oregon employment picture are large construction and repair projects . . .

Major Construction

A couple of bright spots in the Oregon employment picture are large construction and repair projects on-line already or expected for the summer. Arco Alaska will soon begin a $35 million module-construction project to be completed by June 1990. Projected employment levels should reach 800 to 1,000 workers. Construction is scheduled to begin this summer just as a similar module construction job should be reaching completion. The job currently in production has a total value of $16 million and employs about 600. Another ongoing large project is the rocket launch tower being assembled near Astoria. This project is scheduled for completion in late May. In ship repair, the Exxon Valdez may be repaired in Portland, putting hundreds to work.

Employment Highlights

Employment levels in March were relatively stable in most of manufacturing. Both the fruits and vegetables and seafood portions of canning and preserving lost employees, but they will pick up within a month or two as the processing seasons start in earnest. Fabricated structural metals enjoyed widespread job growth to reach 5,400, an employment level not exceeded since November 1979.

On the nonmanufacturing side, trade and services dominated. Trade employment grew by 3,300, mostly in eating & drinking places (+1,700), food stores (+400), and gas stations (+300). The first two stand at record employment levels for this time of year (78,200 and 38,200 respectively).

Service employment has recorded a relatively slow start in 1989, cutting in half the growth rate of the past two years. In fact, the first quarter of 1989 was the slowest since mid-1987. For the first quarter of 1989, employment only increased by a seasonally adjusted 2,300. This compares with an average seasonally adjusted increase of 4,000 per quarter over the last nine quarters. Any type of seasonally adjusted employment increase may sound like good news. But what seems to be happening in the service sector is a slowing in the rate of employment growth. Much of this slowdown came in business services and professional services. Business services was a big loser, dropping 2,200 over the quarter (900 worse than seasonally expected). Professional services showed no change over the quarter (800 worse than expected). Health services helped keep the service economy from really slipping relative to the past couple of years by increasing employment 1,500 (1,200 more than seasonally expected).

The Oregon economy is still growing, but not uniformly. The lumber & wood products industry faces watershed decisions in coming months that will affect the industry for years. Meanwhile, the boom in services in the last few years has slowed in the first quarter of 1989. Fortunately, the economy is experiencing relatively low unemployment levels as this long expansion period continues. □

THE OREGON STRATEGIC PLAN FOR ECONOMIC DEVELOPMENT

Duncan Wyse

(Editor's note: This is the first of two articles on the Oregon Strategic Plan for Economic Development. In this issue the planning process is described, and some of the major issues identified by the planning committees are noted. In an upcoming issue, a summary of the plan itself will be presented. Duncan Wyse is the Manager of the Policy and Strategic Planning Office at the Economic Development Department.)

In June 1988, Governor Goldschmidt formed 14 committees composed of business, labor, education and government leaders. Their charge was to examine and recommend how Oregon should shape its future.

The committees were organized to approach their task from two broad perspectives. One group of committees was formed to represent a cross-section of the state's major or rapidly growing industries. Committees in this group were asked to review the competitiveness of Oregon as a place to do business. In addition, they were to identify actions related to both the overall economic climate of the state and to those specific industries which would improve Oregon's competitiveness.

A second group of committees was formed to examine policy issues that affect economic performance across all industries. These policy committees included education and work force, international trade, state and local partnerships, economic climate and general strategy.

The committee members, about 180 altogether, worked through the summer and into the fall producing their reports, which were presented to the Governor late last year. These reports are now being incorporated into a strategic plan which will define a vision for Oregon's economic future and propose steps to achieve that vision. The plan will complete the first phase of what is expected to be a long-term effort to plan and take charge of Oregon's economic future.

Context for Strategic Plan

Oregon's economy is in the midst of tremendous change; change which will continue well into the next century. How well we respond to change will determine our success in competing and prospering in a global economy.

While the resurgence in Oregon's economy over the past two years is welcome, Oregon faces significant economic challenges. The state has not yet fully recovered from the economic distress experienced earlier this decade. During the early 1980s, for the first time since the 1930s, our economy stumbled badly. A per capita income that exceeded the national average in the late 1970s was hit so hard that it still languishes 9 percent below the national average. During the 1970s people moved into Oregon in record numbers, attracted by jobs and our widely-heralded quality of life. During the first half of the 1980s, we lost population as jobs disappeared and people moved away.

Even with the recent upturn there are fewer jobs today in many communities in Oregon than there were ten years ago, and many jobs are relatively low paying. Communities themselves are in financial distress as they try to finance schools, roads, and services on a smaller economic base. State government, too, deferred maintenance during the downturn, and now must catch up on everything from prisons to mental health to university facilities. As a result, we haven't built sufficient capacity in

State of Oregon
EMPLOYMENT DIVISION
Department of Human Resources

Research and Statistics
March 1988 Benchmark
March 1989

OREGON RESIDENT LABOR FORCE, UNEMPLOYMENT & EMPLOYMENT 1988 1/

	Annual Average 2/	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
CIVILIAN LABOR FORCE	1,408.0	1,376.1	1,383.5	1,391.7	1,392.2	1,398.7	1,428.9	1,437.0	1,432.9	1,411.4	1,411.3	1,418.1	1,414.3
UNEMPLOYMENT	82.0	96.8	96.1	91.7	87.1	84.6	84.1	84.9	78.9	73.9	67.5	69.2	69.3
Percent of Labor Force	5.8	7.0	6.9	6.6	6.3	6.0	5.9	5.9	5.5	5.2	4.8	4.9	4.9
Seasonally Adjusted Percent	5.8	6.1	6.1	6.0	6.1	6.1	6.0	5.9	5.9	5.8	5.5	5.4	5.2
TOTAL EMPLOYMENT	1,326.0	1,279.3	1,287.4	1,300.0	1,305.1	1,314.1	1,344.8	1,352.1	1,354.0	1,337.5	1,343.8	1,348.9	1,345.0

OREGON NONAGRICULTURAL WAGE & SALARY EMPLOYMENT 1988 3/ **

TOTAL WAGE & SALARY	1152.3	1101.5	1113.2	1123.6	1133.2	1146.6	1163.6	1149.1	1162.6	1174.2	1187.2	1189.1	1183.3
Wage & Salary Emp. Index (1977=100) 4/	123.0	120.3	121.4	121.8	121.8	122.0	122.4	122.9	123.5	123.7	124.6	125.4	125.7
MANUFACTURING, TOTAL	214.3	206.4	208.0	207.6	208.3	211.4	215.5	218.4	225.0	222.4	220.6	215.5	212.7
Durable Goods	155.9	151.9	153.1	153.1	153.6	156.0	156.3	157.8	159.2	158.0	158.5	157.2	156.4
Lumber & Wood Products	68.7	67.8	68.1	67.6	67.8	69.0	68.5	68.9	69.7	68.6	69.9	69.6	68.5
Logging & Sawmills	35.1	34.5	34.8	34.3	34.3	35.1	35.3	35.5	35.6	34.0	36.3	36.0	34.9
Veneer & Plywood	17.2	17.1	17.1	17.6	17.7	17.6	16.5	16.6	17.0	17.5	16.9	16.9	16.8
Millwork & Structural Wood	10.4	9.9	9.9	9.9	10.0	10.3	10.8	10.8	10.9	10.7	10.4	10.4	10.6
Mobile Homes	1.6	1.4	1.4	1.4	1.4	1.5	1.6	1.7	1.8	1.8	1.8	1.8	1.8
Other Wood Products	4.4	4.3	4.3	4.4	4.4	4.5	4.3	4.3	4.4	4.6	4.5	4.5	4.4
Furniture & Fixtures	2.7	2.6	2.6	2.7	2.7	2.8	2.8	2.8	2.7	2.7	2.7	2.7	2.6
Stone, Clay, Glass & Concrete Prod.	4.1	3.6	3.6	3.7	4.0	4.1	4.2	4.3	4.5	4.5	4.5	4.3	4.2
Primary Metals	10.2	9.8	9.9	9.9	10.0	10.1	10.3	10.4	10.5	10.3	10.4	10.3	10.6
Blast Furnaces, Iron & Steel Found.	6.0	5.8	5.8	5.8	5.9	5.9	6.0	6.0	6.0	6.0	6.1	6.0	6.3
Nonferrous Metals	4.2	4.0	4.1	4.1	4.1	4.2	4.3	4.4	4.5	4.3	4.3	4.3	4.3
Fabricated Metals	11.0	10.1	10.2	10.4	10.5	10.6	10.9	11.2	11.3	11.4	11.5	11.5	11.8
Fabricated Structural Metals	4.6	4.2	4.2	4.3	4.4	4.4	4.5	4.7	4.7	4.8	4.8	4.9	5.2
Other Fabricated Metals	6.4	5.9	6.0	6.1	6.1	6.2	6.4	6.5	6.6	6.6	6.7	6.6	6.6
Machinery	17.1	16.7	16.9	17.0	16.8	17.0	16.9	17.1	17.3	17.4	17.5	17.5	17.5
Electrical Equipment & Supplies	15.3	14.4	14.5	14.7	14.9	15.1	15.2	15.5	15.7	15.8	15.7	15.9	16.1
Transportation Equipment	11.2	11.1	11.4	11.1	11.0	11.5	11.5	11.7	11.7	11.7	10.8	10.2	10.1
Instruments & Related Products	11.9	12.3	12.3	12.3	12.2	12.0	12.0	11.9	11.9	11.8	11.7	11.4	11.5
Miscellaneous Manufacturing	3.8	3.5	3.6	3.7	3.7	3.8	4.0	4.0	3.9	3.8	3.8	3.8	3.5
Nondurable Goods	58.4	54.5	54.9	54.5	54.7	55.4	59.2	60.6	65.8	64.4	62.1	58.3	56.3
Food & Kindred Products	24.1	20.8	21.0	20.4	20.4	21.4	24.4	26.0	31.3	29.8	28.0	24.3	21.9
Canning & Preserving	13.0	10.1	10.4	9.8	9.6	10.3	13.1	14.6	19.9	18.5	16.3	12.5	10.3
Other Food Products	11.2	10.7	10.6	10.6	10.8	11.1	11.3	11.4	11.4	11.3	11.7	11.8	11.6
Textile Mill Products	1.8	1.8	1.8	1.8	1.8	1.7	1.8	1.8	1.8	1.8	1.7	1.7	1.7
Apparel	2.7	2.5	2.6	2.5	2.6	2.7	2.7	2.7	2.7	2.8	2.7	2.7	2.7
Paper & Allied Products	8.7	9.0	9.0	9.0	8.9	8.4	9.0	8.8	8.6	8.5	8.4	8.3	8.4
Printing & Publishing	13.5	13.2	13.3	13.4	13.4	13.4	13.5	13.3	13.5	13.5	13.5	13.6	13.8
Chemicals & Allied Products	2.2	2.1	2.1	2.1	2.2	2.2	2.2	2.3	2.3	2.3	2.2	2.2	2.2
Petroleum Refining	0.6	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.5	0.5
Rubber & Plastic Products	4.5	4.2	4.2	4.3	4.4	4.5	4.5	4.6	4.6	4.6	4.5	4.6	4.6
Leather Products	0.5	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.4	0.5	0.5	0.4	0.5

1988 Continued

	Annual Average	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
NONMANUFACTURING, TOTAL	938.0	895.1	905.2	916.0	924.9	935.2	948.1	930.7	937.6	951.8	966.6	973.6	970.6
Mining & Quarrying	1.4	1.2	1.3	1.3	1.3	1.3	1.4	1.4	1.4	1.4	1.5	1.5	1.4
Construction	39.0	32.7	33.4	34.8	37.5	39.2	40.2	41.6	43.1	42.9	42.7	39.8	40.1
Transp., Comm. & Utilities	60.5	58.3	58.7	59.1	59.2	59.8	60.7	60.6	61.6	61.5	61.9	62.2	62.3
Transportation	39.1	37.1	37.5	37.8	37.8	38.3	39.1	39.0	39.9	40.0	40.5	40.7	40.9
Railroad	3.9	3.8	3.8	3.9	3.9	3.9	3.9	3.9	3.9	3.9	4.0	3.9	3.8
Trucking & Warehousing	22.0	21.2	21.4	21.4	21.3	21.5	22.1	22.3	22.5	22.0	22.4	22.6	22.8
Other Transportation	13.2	12.1	12.3	12.5	12.6	12.9	13.1	12.8	13.5	14.1	14.1	14.2	14.3
Communications	12.6	12.5	12.5	12.5	12.5	12.6	12.7	12.7	12.8	12.7	12.7	12.8	12.6
Utilities	8.8	8.7	8.7	8.8	8.9	8.9	8.9	8.9	8.9	8.8	8.7	8.7	8.8
Trade	291.3	275.9	275.7	279.0	282.4	285.7	292.0	295.1	291.9	299.3	301.2	304.7	307.2
Wholesale Trade	72.0	68.1	68.8	69.5	70.2	70.4	72.1	73.0	74.0	74.1	74.4	74.6	75.2
Durable Goods	42.1	39.9	40.2	40.5	41.0	41.5	42.3	42.8	43.3	43.0	43.1	43.5	44.0
Nondurable Goods	29.9	28.2	28.6	29.0	29.2	28.9	29.8	30.2	30.7	31.1	31.3	31.1	31.2
Retail Trade	219.3	207.8	206.9	209.5	212.2	215.3	219.9	222.1	223.9	225.2	226.8	230.1	232.0
General Merchandise	28.5	28.6	27.1	27.1	26.8	26.9	27.2	27.6	28.1	28.5	29.7	31.3	32.7
Food Stores	36.5	33.8	34.1	34.4	34.4	35.2	36.3	37.1	37.9	38.0	39.0	39.1	38.9
Auto Dealers & Service Stations	27.9	26.4	26.4	26.9	27.1	27.9	28.5	28.8	28.7	28.8	28.5	28.2	27.6
Other Retail Trade	126.5	119.0	119.3	121.1	123.3	125.3	127.9	128.6	129.2	129.9	129.6	131.5	132.8
Finance, Ins. & Real Estate	73.6	71.5	71.9	72.7	72.9	73.3	74.4	74.5	74.8	74.8	74.2	73.9	74.3
Banking & Credit Agencies	23.7	23.5	23.5	23.6	23.8	23.8	23.9	24.0	23.9	23.7	23.5	23.5	23.7
Other Finance, Ins. & Real Estate	49.9	48.0	48.4	49.1	49.1	49.5	50.5	50.5	50.9	51.1	50.7	50.4	50.6
Services	260.6	246.5	251.8	254.9	257.0	257.7	260.4	262.2	263.9	267.1	267.6	269.9	268.3
Hotels & Personal Services	27.8	26.0	26.4	27.1	27.7	27.9	29.1	29.5	29.5	28.7	27.8	27.3	26.9
Health Services	77.4	75.0	75.4	76.1	76.6	76.7	77.5	77.2	77.8	78.5	79.0	79.3	79.8
Other Services	155.4	145.5	150.0	151.7	152.7	153.1	153.8	155.5	156.6	159.9	160.8	163.3	161.6
Government	211.5	209.0	212.4	214.2	214.6	218.2	219.0	195.3	194.9	204.8	217.5	221.6	217.0
Federal	31.7	30.0	29.5	29.6	30.4	31.3	32.8	33.1	33.0	32.9	32.7	32.3	32.5
State Government	58.6	57.7	58.9	59.3	59.3	59.7	60.5	55.8	56.4	55.8	60.2	60.4	59.6
Education	23.9	24.4	25.5	25.7	25.3	25.5	25.6	19.9	19.5	19.8	25.2	25.1	25.2
Other State	34.7	33.3	33.4	33.6	34.0	34.2	34.9	35.9	36.9	36.0	35.0	34.7	34.4
Local Government	121.2	121.3	124.0	125.3	124.9	127.2	125.7	106.4	105.5	116.1	124.6	128.9	124.9
Education	75.4	77.9	80.3	81.0	80.1	81.0	78.6	58.0	57.1	69.5	78.9	81.9	79.9
Other Local	45.9	43.4	43.7	44.3	44.8	46.2	47.1	48.4	48.4	46.6	45.7	47.0	45.0
LABOR MANAGEMENT DISPUTES	1.4	0.1	0.1	0.2	0.1	0.7	2.4	4.9	3.8	1.1	0.8	1.2	1.2

** Data are in thousands

1/ Includes employed and unemployed individuals 16 years and older by place of residence. Data are adjusted for multiple job holding and commuting. Includes nonagricultural wage and salary, self employed, unpaid family workers, domestics, agriculture and labor disputants.

2/ Sum of monthly estimates divided by 12. Unemployment rate derived by dividing unemployment by civilian labor force.

3/ This nonagricultural wage and salary employment series is based on the 1972 Standard Industrial Classification (SIC) manual as amended by the 1977 supplement. The data are by place of work and persons working multiple jobs are counted more than once. Workers involved in labor management disputes are excluded from the wage and salary employment totals.

4/ Total nonagricultural wage and salary employment, seasonally adjusted and indexed to 1977. Data on the earlier index (1972 = 100) can be converted to the 1977 base period by multiplying by a factor of .8264, the ratio between 1972's annual average employment (114.3) and that of 1977 (936.9).

State of Oregon
EMPLOYMENT DIVISION
Department of Human Resources

Research and Statistics
March 1988 Benchmark
March 1989

OREGON RESIDENT LABOR FORCE, UNEMPLOYMENT & EMPLOYMENT 1987 1/

	Annual Average 2/	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
CIVILIAN LABOR FORCE	1,387.0	1,356.4	1,359.7	1,360.5	1,362.1	1,374.6	1,402.7	1,411.1	1,420.5	1,397.7	1,401.7	1,405.3	1,391.6
UNEMPLOYMENT	86.0	108.7	102.9	98.4	88.0	83.6	83.0	81.3	78.7	75.7	74.8	76.4	80.5
Percent of Labor Force	6.2	8.0	7.6	7.2	6.5	6.1	5.9	5.8	5.5	5.4	5.3	5.4	5.8
Seasonally Adjusted Percent	6.2	7.0	6.7	6.6	6.2	6.1	6.0	5.7	5.9	6.0	6.1	5.9	6.1
TOTAL EMPLOYMENT	1,301.0	1,247.7	1,256.8	1,262.1	1,274.1	1,291.0	1,319.7	1,329.8	1,341.8	1,322.0	1,326.9	1,328.9	1,311.1
OREGON NONAGRICULTURAL WAGE & SALARY EMPLOYMENT 1987 3/ **													
TOTAL WAGE & SALARY	1100.1	1050.2	1058.1	1067.2	1079.1	1095.1	1110.9	1103.2	1110.8	1126.2	1134.3	1135.0	1131.5
Wage & Salary Emp. Index (1977=100) 4/	117.4	114.7	115.3	115.7	116.0	116.5	116.8	118.0	118.0	118.6	119.1	119.7	120.3
MANUFACTURING, TOTAL	206.2	191.9	194.6	195.4	196.6	201.2	208.8	216.1	217.8	217.9	213.0	212.0	209.4
Durable Goods	149.2	140.5	141.3	142.1	143.4	147.6	150.6	153.6	154.4	155.0	152.6	154.3	154.4
Lumber & Wood Products	68.0	64.6	64.0	64.2	65.3	67.4	69.7	71.3	71.5	71.3	68.8	69.2	69.2
Logging & Sawmills	34.9	33.1	32.4	32.3	32.7	34.1	35.7	37.0	37.3	37.0	35.3	35.8	35.7
Veneer & Plywood	17.7	17.3	17.3	17.5	17.5	17.7	17.9	18.0	17.9	17.9	17.6	17.6	17.6
Millwork & Structural Wood	10.2	9.5	9.5	9.6	10.0	10.4	10.7	10.7	10.7	10.7	10.3	10.1	10.2
Mobile Homes	1.4	1.2	1.2	1.2	1.3	1.3	1.4	1.5	1.5	1.5	1.5	1.5	1.5
Other Wood Products	3.9	3.5	3.6	3.6	3.8	3.9	4.0	4.1	4.1	4.2	4.1	4.2	4.2
Furniture & Fixtures	2.5	2.4	2.4	2.4	2.4	2.5	2.5	2.6	2.5	2.6	2.7	2.7	2.7
Stone, Clay, Glass & Concrete Prod.	3.6	3.1	3.2	3.2	3.3	3.6	3.7	3.8	3.9	4.0	4.1	3.9	3.8
Primary Metals	9.3	8.5	8.7	8.9	9.0	9.1	9.4	9.6	9.5	9.7	9.7	9.7	9.8
Blast Furnaces, Iron & Steel Found.	5.5	5.2	5.3	5.4	5.4	5.4	5.6	5.6	5.6	5.7	5.7	5.7	5.8
Nonferrous Metals	3.8	3.3	3.4	3.5	3.6	3.7	3.8	4.0	3.9	4.0	4.0	4.0	4.0
Fabricated Metals	10.2	9.7	9.7	9.9	9.8	10.0	10.2	10.3	10.5	10.7	10.6	10.5	10.4
Fabricated Structural Metals	4.4	4.2	4.3	4.4	4.3	4.4	4.5	4.5	4.6	4.7	4.5	4.5	4.4
Other Fabricated Metals	5.8	5.5	5.4	5.5	5.5	5.6	5.7	5.8	5.9	6.0	6.1	6.0	6.0
Machinery	15.8	15.0	15.2	15.2	15.4	15.6	15.8	15.8	15.9	16.1	16.1	16.5	16.6
Electrical Equipment & Supplies	13.6	12.8	12.9	13.0	13.2	13.3	13.5	13.8	13.9	13.9	14.1	14.2	14.3
Transportation Equipment	10.8	9.7	10.4	10.4	10.1	11.0	10.6	11.0	11.2	11.2	10.8	11.4	11.7
Instruments & Related Products	12.1	12.1	12.1	12.1	12.1	12.1	12.1	12.2	12.2	12.1	12.1	12.2	12.3
Miscellaneous Manufacturing	3.2	2.6	2.7	2.8	2.8	3.0	3.1	3.2	3.3	3.4	3.6	4.0	3.6
Nondurable Goods	57.1	51.4	53.3	53.3	53.2	53.6	58.2	62.5	63.4	62.9	60.4	57.7	55.0
Food & Kindred Products	24.0	19.3	21.0	20.7	20.7	20.9	25.3	29.3	29.9	29.3	26.6	23.6	21.1
Canning & Preserving	13.2	8.7	10.4	10.2	10.2	10.3	14.4	18.3	18.9	18.4	15.5	12.5	10.1
Other Food Products	10.8	10.6	10.6	10.5	10.5	10.6	10.9	11.0	11.0	10.9	11.1	11.1	11.0
Textile Mill Products	1.8	1.7	1.7	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8
Apparel	2.5	2.4	2.5	2.5	2.5	2.5	2.5	2.4	2.5	2.5	2.6	2.6	2.6
Paper & Allied Products	9.2	9.2	9.2	9.2	9.2	9.1	9.2	9.3	9.3	9.2	9.0	9.0	9.0
Printing & Publishing	12.8	12.4	12.4	12.5	12.4	12.5	12.5	12.7	12.8	12.9	13.1	13.4	13.4
Chemicals & Allied Products	2.1	2.0	2.0	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
Petroleum Refining	0.5	0.4	0.4	0.4	0.4	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.5
Rubber & Plastic Products	3.8	3.5	3.6	3.6	3.7	3.7	3.8	3.9	3.9	4.0	4.1	4.1	4.1
Leather Products	0.5	0.5	0.5	0.5	0.4	0.5	0.5	0.4	0.5	0.5	0.5	0.5	0.4

1987 Continued

	Annual Average	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
NONMANUFACTURING, TOTAL	893.9	858.3	863.5	871.8	882.5	893.9	902.1	887.1	893.0	908.3	921.3	923.0	922.1
Mining & Quarrying	1.4	1.3	1.3	1.3	1.4	1.4	1.5	1.5	1.5	1.5	1.5	1.5	1.4
Construction	35.3	29.6	29.4	29.9	32.2	34.4	36.0	38.5	39.1	39.8	39.6	38.6	36.2
Transp., Comm. & Utilities	58.5	56.8	57.0	57.2	57.6	57.9	58.6	58.6	58.8	59.8	59.8	59.4	60.2
Transportation	37.2	35.7	35.9	36.0	36.4	36.8	37.3	37.2	37.4	38.4	38.6	38.2	38.9
Railroad	4.0	4.0	3.9	3.9	4.0	4.0	4.0	4.0	4.0	4.0	4.0	3.9	3.8
Trucking & Warehousing	21.4	20.4	20.5	20.4	20.5	20.9	21.4	22.0	22.1	22.3	22.0	22.0	22.7
Other Transportation	11.8	11.3	11.5	11.7	11.9	11.9	11.9	11.2	11.3	12.1	12.6	12.3	12.4
Communications	12.5	12.5	12.5	12.5	12.4	12.3	12.4	12.5	12.5	12.5	12.5	12.5	12.5
Utilities	8.8	8.6	8.6	8.7	8.8	8.8	8.9	8.9	8.9	8.9	8.7	8.7	8.8
Trade	276.7	264.2	262.5	265.2	269.1	273.4	277.5	279.2	282.9	284.3	284.0	287.9	290.1
Wholesale Trade	68.2	65.9	65.8	66.5	67.2	67.5	68.5	69.0	69.9	70.1	69.7	69.3	69.1
Durable Goods	39.9	39.0	38.9	39.2	39.5	39.6	40.2	40.4	40.2	40.4	40.3	40.4	40.4
Nondurable Goods	28.3	26.9	26.9	27.3	27.7	27.9	28.3	28.6	29.7	29.7	29.4	28.9	28.7
Retail Trade	208.5	198.3	196.7	198.7	201.9	205.9	209.0	210.2	213.0	214.2	214.3	218.6	221.0
General Merchandise	27.1	26.5	25.3	25.2	25.6	25.8	26.3	26.7	27.2	27.2	27.8	30.2	31.4
Food Stores	33.8	32.2	32.1	32.2	32.6	33.2	33.8	34.2	34.6	34.8	35.0	35.3	35.3
Auto Dealers & Service Stations	26.5	24.7	24.9	25.2	26.1	26.7	27.0	27.1	27.3	27.3	27.2	27.0	27.0
Other Retail Trade	121.2	114.9	114.4	116.1	117.6	120.2	121.9	122.2	123.9	124.9	124.3	126.1	127.3
Finance, Ins. & Real Estate	72.1	70.1	70.2	70.7	71.5	72.0	72.8	73.6	73.6	73.4	72.4	72.2	72.5
Banking & Credit Agencies	23.8	23.8	23.8	23.8	23.8	23.8	23.8	23.9	23.9	23.9	23.7	23.8	23.9
Other Finance, Ins. & Real Estate	48.3	46.3	46.4	46.9	47.7	48.2	49.0	49.7	49.7	49.5	48.7	48.4	48.6
Services	244.4	233.0	236.7	239.0	242.4	243.7	243.2	246.2	248.9	249.3	250.1	249.6	250.1
Hotels & Personal Services	26.4	24.3	24.5	25.2	25.9	26.5	27.2	27.8	27.9	27.8	27.3	26.5	26.4
Health Services	74.4	73.3	73.4	73.9	73.8	73.7	74.4	74.8	75.3	75.4	75.0	74.9	75.4
Other Services	143.5	135.4	138.8	139.9	142.7	143.5	141.6	143.6	145.7	146.1	147.8	148.2	148.3
Government	205.6	203.3	206.4	208.5	208.3	211.1	212.5	189.5	188.2	200.2	213.9	213.8	211.6
Federal	30.6	28.6	28.0	28.6	29.7	30.2	30.8	32.2	32.4	32.6	31.9	30.9	30.8
State Government	56.9	55.2	56.6	57.8	57.7	57.5	58.8	54.3	53.8	54.0	59.6	59.1	58.5
Education	23.6	24.1	25.2	25.4	25.0	24.9	24.9	19.8	19.2	19.1	24.9	25.6	25.2
Other State	33.3	31.1	31.4	32.4	32.7	32.6	33.9	34.5	34.6	34.9	34.7	33.5	33.3
Local Government	118.1	119.5	121.8	122.1	120.9	123.4	122.9	103.0	102.0	113.6	122.4	123.8	122.3
Education	73.8	77.1	79.2	79.2	77.7	79.2	77.4	56.6	55.5	67.9	77.8	79.6	78.3
Other Local	44.4	42.4	42.6	42.9	43.2	44.2	45.5	46.4	46.5	45.7	44.6	44.2	44.0
LABOR-MANAGEMENT DISPUTES	0.2	0.0	0.0	0.0	1.4	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1

** Data are in thousands

1/ Includes employed and unemployed individuals 16 years and older by place of residence. Data are adjusted for multiple job-holding and commuting. Includes nonagricultural wage and salary, self-employed, unpaid family workers, domestics, agriculture and labor disputants.

2/ Sum of monthly estimates divided by 12. Unemployment rate derived by dividing unemployment by civilian labor force.

3/ This nonagricultural wage and salary employment series is based on the 1972 Standard Industrial Classification (SIC) manual as amended by the 1977 supplement. The data are by place of work and persons working multiple jobs are counted more than once. Workers involved in labor-management disputes are excluded from the wage and salary employment totals.

4/ Total nonagricultural wage and salary employment, seasonally adjusted and indexed to 1977. Data on the earlier index (1972 = 100) can be converted to the 1977 base period by multiplying by a factor of .8264, the ratio between 1972's annual average employment (774.3) and that of 1977 (936.9).

our services and infrastructure to capitalize on the economic benefits of future growth.

Even within prosperous regions of the state many families face financial distress caused by shifting job opportunities. Most disturbing, an increasing number of children are growing up in poverty because their parents are not able to find jobs that pay well. Economic frustrations contribute to higher levels of family instability, placing children at higher risk -- diminishing their development as healthy adults and productive citizens. While this robs us of productive capacity, it simultaneously burdens our communities and citizens--our social service agencies, criminal justice system, and tax dollars. Such factors threaten our ability to maintain a strong middle class, which is central to our social and economic stability.

These challenges are exacerbated by the fact that Oregon's largest basic industry - forest products - is in the midst of a difficult transition. Over the past decade, the Oregon forest products industry has cut employment by about 15 percent--over 13,000 "family-wage" jobs. While this has kept the industry competitive, it has eroded local economies in many rural areas of the state. Over the next 20 years, further modernization in sawmills and reductions in the available supply of timber from private and federal lands will result in further employment reductions throughout the state.

While Oregon faces challenges, the state also enjoys considerable strengths upon which it can build.

Oregon's competitive strengths are location and resources. The U.S. population, and with it the forces of economic growth, are shifting westward. California's economy is the strongest in the nation, and the Puget Sound economy is robust. Oregon can both serve these markets and gain businesses which want to locate near them but avoid their problems (e.g. growing congestion, industry-specific tax or regulatory disincentives).

Perhaps more important, the global economy is both growing in importance and shifting toward the Pacific Region. International trade is growing faster than are all national economies. The value of Pacific Ocean trade has overtaken Atlantic Ocean trade, and the economies of east Asia are the most dynamic in the world. Oregon's location on the Pacific Rim provides excellent opportunities for further expansion of export industries and trading industries.

Oregon has strengths both in natural resources and in public services and human resources which create a good environment for businesses. As national and international growth increases global pressure on natural resources, Oregon's forests, agricultural commodities, water and fisheries will become more valuable. Demand for products of resource industries will increase. In addition, the natural environment from which those products come will become more highly valued for its own sake. The ethic which has fostered this quality of life and which is embodied in Oregon's environmental quality, public lands, and land use planning systems contributes to this advantage.

Oregon's labor force is relatively well-educated. Oregon has a higher percentage of both high school and college graduates over the age of 25 than the nation. Oregon has a reputation for high quality and well-managed public facilities including roads, parks, metropolitan area schools, and utilities. High quality services not only improve the quality of life for citizens, but also significantly affect business productivity. Public service disinvestment in the 1980s has reduced this advantage, however, and consequently the state's public service infrastructure has begun to decay.

The combination of Oregon's natural resources and natural beauty, high quality public services, social and cultural institutions, functional cities, and low population density contribute to a final competitive advantage: Oregon's widely-recognized high quality of life. It is this factor that, to an increasing extent, distinguishes Oregon from the East Coast and from California and Puget Sound. This advantage will grow more important to firms dependent on high quality work forces as those areas become more congested.

The state fell behind on meeting infrastructure needs during the 1980s, creating potential problems for the 1990s.

What Oregon Must Work On

As the committees grappled with Oregon's strengths and weaknesses, several broad issues emerged which need to be addressed in Oregon's strategic plan:

- The quality of Oregon's workforce and educational system will be critical for Oregon's competitiveness in a global economy. While Oregon prides itself on the quality of its work force and its innovative educational institutions, there remains much to achieve as we prepare for the next century. Basic skills in math, science and foreign literacy need to match those of other countries. Also, there will be greater needs for continuous specialized training throughout Oregonians' careers in the future.
- Oregon's basic economic climate needs to be improved to encourage the hundreds of businesses throughout the state to prosper. Workers' compensation rates are repeatedly mentioned as a major problem for businesses in Oregon. Other areas of concern include unemployment insurance rates, health care costs, property and income taxes, and energy rates.
- Oregon's high quality of life is a competitive advantage for attracting and retaining businesses in the state - an advantage that the state needs to maintain as it grows.
- The state fell behind on meeting infrastructure needs during the 1980s, creating potential problems for the 1990s.
- To take advantage of global market opportunities, the state needs to "internationalize" Oregon, concentrating on increasing Oregonians' understanding of global issues and other cultures in the schools and through a wide variety of cultural exchanges.

Finally, and perhaps most importantly, it became evident during this process that business, government, education, labor and environmental interests can strengthen Oregon's competitiveness far more by working together than if these institutions go their separate ways. There is no longer any question that economies like Japan derive a competitive advantage from their institutional partnerships. The various committees identified numerous ways to build such cooperative partnerships in Oregon, which can be developed further in the strategic plan.

Just one example of a partnership that emerged from the process upon which we might effectively build in the future is a partnership between public educational institutions and the private sector to build the competitiveness of specific industries. Nearly every industry committee in the strategic plan identified specific steps that schools could take that would assist each industry to grow in Oregon. Examples range from refining education and training programs to meet industry needs to improving the transfer of research from universities to industry. Partnerships to build industries can become a powerful tool for building Oregon's economy. □

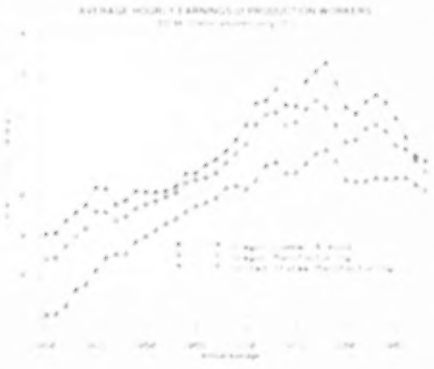
THE NEW DIVERSITY - IMPACT ON EARNINGS

Graham Slater

An article in last month's edition of **Oregon Labor Trends** investigated the structural changes which have occurred in Oregon's manufacturing sector over the past sixteen years. This restructuring is one of several factors which have contributed to a steady decline in the real hourly earnings of Oregon manufacturing workers. Average hourly earnings (AHE) for Oregon manufacturing stood at $10.64 in 1988. After adjusting for inflation, this is the lowest level since 1967.

Information on hours worked and dollars paid is collected on a monthly basis from a sample of Oregon firms. This information is then analyzed to produce estimates of average weekly hours, average hourly earnings, and average weekly earnings. This article concentrates on the hourly earnings statistics. Before progressing, a couple of definitional points are important:

1. Hours & earnings data represent production workers only. For example, in manufacturing industries they include activities such as assembling, fabricating, warehousing, and processing, but exclude occupational groups like executive, purchasing, and professional.
2. Hours & earnings statistics are based on regular types of pay which includes earnings for hours worked, vacation pay, and sick leave. However, the earnings data specifically exclude irregular payments such as bonuses, lump sum payments, and profit-sharing.
3. Hours & earnings statistics include all hours for which pay was received, whether regular time, overtime, or vacation/sick time.



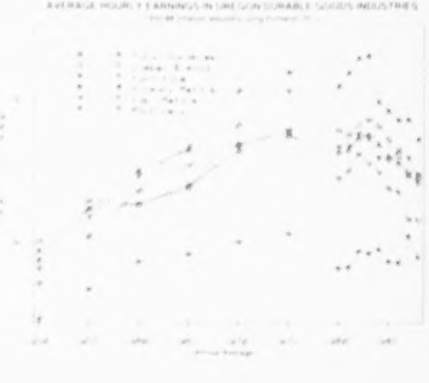
Having established the definitions, let's go back to the message of the first paragraph: the 1988 level of average hourly earnings for Oregon manufacturing (after adjusting for inflation) was the lowest since 1967. One of the accompanying graphs shows the decline in the past few years very clearly. From 1950 through the late 1970's, real AHE increased steadily almost every year; one could very easily fit a straight line to the graph. However, this growing purchasing power ended abruptly in 1978 and has been on a generally downward swing ever since. The same graph also shows Oregon lumber & wood products AHE and manufacturing AHE for the United States, both of which show similar growth trends coming to an end in the late seventies. However, the nationwide average has remained relatively unchanged during this decade, whereas Oregon's average has fallen dramatically, narrowing the historical gap between average earnings in Oregon and the nation.

Many of the industries which have recorded the strongest growth offer relatively low wages, while those whose employment has declined are among the better-paying.

One of the main factors in the decline of Oregon AHE is undoubtedly the restructuring discussed last month. Many of the industries which have recorded the strongest growth offer relatively low wages, while those whose employment has declined are among the better-paying. The manufacturing AHE figure is basically a weighted average of all the component industries. As lower paying industries account for a higher proportion of manufacturing employment, the overall average will inevitably come down. Some readers will remember the four groups of industries used in last month's analysis. The following table shows very clearly why structural changes are reducing average earnings. (For those who missed last month's article, industries were divided into four groups with group 1 containing historically very small industries, group 2 including moderately small industries and so on. We noted that the groups containing the smallest industries had grown most strongly over recent years.)

In other words, those industries which have been growing most rapidly and increasing their share of manufacturing jobs are industries with generally low hourly earnings. On the other hand, the industries which have lost, proportionately, the largest number of jobs are those with high hourly earnings.

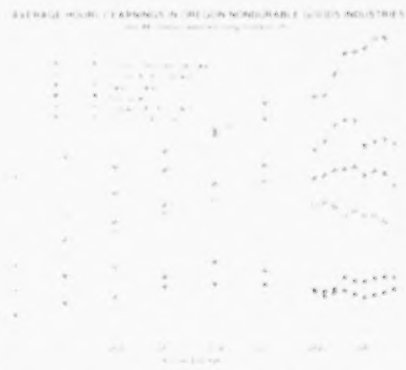
Looking again at the graph titled, "AVERAGE HOURLY EARNINGS OF PRODUCTION WORKERS", an interesting narrative for the past few years can be developed. A significant factor in the turnaround from regularly increasing purchasing power was double-digit inflation starting in 1978. By the time wage contracts came up for renegotiation, Oregon had started the slide into recession, and pay raises of 11% or more (which would have been needed to keep up with inflation) were out of the question. AHE actually improved in 1981, 1982, and 1983, during the worst of the recession, but the reasons have little to do with real pay raises. The average rose largely because thousands of workers, generally those with least seniority and therefore at the low end of the pay scale, were being laid off. As recovery crept in, some of the lower paid workers were gradually called back, which in itself would have led to a decline in the average. In addition, contract negotiations in recent years have been characterized by wage and benefit rollbacks which have further reduced earnings. Finally, profit-sharing has been introduced in many companies, at the expense of actual hourly wages. As defined above, hourly earnings statistics do not include these "irregular" payments.



	GROUP 1	GROUP 2	GROUP 3	GROUP 4
Employment change between 1980-88	- 69.7%	- 22.6%	8.5%	- 1.1%
AHE: 1988	$ 8.72	$ 9.35	$ 11.67	$ 10.37

A detailed investigation of the profit-sharing and other irregular payment issue does not change the basic scenario of Oregon workers falling behind. Data from Oregon's unemployment insurance program, which includes all types of employment income, show that real average wages in lumber & wood products have declined by 5.7% since 1980. The effect of profit-sharing and other incentives is measured by the fact that AHE has declined by 9.9% during the same time period.

Finally, it is easy to assume that lumber & wood products bears the most responsibility for the decline in earnings. Looking again at the above-mentioned graph, it is clear that manufacturing AHE mirror, to a large extent, lumber & wood trends. However, two other graphs are included. I do



not recommend you spend time analyzing them or trying to trace every line on each graph. Just let your eye take in the whole picture, and a general concept becomes clear; almost all industries for which hours & earnings data are published recorded steady gains between 1950 and the late seventies. However, these were halted about ten years ago. In the case of most durable goods industries, the following years brought severe declines in earnings. Nondurables industries, in general, have shown stability, but certainly not growth.

To summarize, AHE for Oregon manufacturing workers has fallen to a twenty-year low. The earnings declines have been widespread among industries, and have been exaggerated further as lower paying industries have grown in terms of employment relative to higher paying ones. The introduction of special payment packages (such as profit-sharing) has made analysis of earnings more difficult, but the value of the extra payments has not made up for the regular earnings lost every hour of the workday. □

AVERAGE HOURS AND EARNINGS OF OREGON INDUSTRIAL PRODUCTION WORKERS[1]

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	Feb.[2] 1989	Jan.[3] 1989	Feb. 1988	Feb.[2] 1989	Jan.[3] 1989	Feb. 1988	Feb.[2] 1989	Jan.[3] 1989	Feb. 1988
TOTAL MANUFACTURING[4]	$409.89	$415.72	$426.66	38.2	38.6	39.8	$10.73	$10.77	$10.72
Durable Goods	409.50	420.51	434.30	38.2	38.9	40.4	10.72	10.81	10.75
Lumber & Wood Products	395.63	416.38	446.22	36.7	38.2	40.9	10.78	10.90	10.91
Logging & Sawmills	407.38	445.74	471.95	34.7	38.0	40.2	11.74	11.73	11.74
Veneer & Plywood	406.90	409.50	448.80	39.2	38.2	42.3	10.38	10.72	10.61
Millwork & Structural	353.58	356.33	377.45	39.2	39.2	41.8	9.02	9.09	9.03
Mobile Homes	306.57	316.03	286.50	33.0	36.2	32.3	9.29	8.73	8.87
Other Wood Products	402.48	404.53	424.13	38.7	38.6	40.9	10.40	10.48	10.37
Furniture & Fixtures	310.23	296.52	299.63	36.2	34.6	36.1	8.57	8.57	8.30
Primary Metals	511.09	507.10	508.02	42.1	42.4	42.3	12.14	11.96	12.01
Fabricated Metals	372.78	376.27	383.96	38.0	38.2	39.3	9.81	9.85	9.77
Machinery (Ex Electrical)	453.46	446.22	449.63	41.0	40.2	41.1	11.06	11.10	10.94
Nondurable Goods	408.50	400.37	405.00	38.0	37.7	38.1	10.75	10.62	10.63
Food & Kindred Products	328.15	326.30	323.60	36.3	35.7	36.4	9.04	9.14	8.89
Canning & Preserving	282.03	273.03	276.26	35.7	34.3	35.6	7.90	7.96	7.76
Other Food Products	384.06	384.19	383.44	37.0	37.3	37.3	10.38	10.30	10.28
Textile Mill Products	230.58	254.10	252.21	32.8	35.0	37.7	7.03	7.26	6.69
Apparel	249.10	245.15	234.70	37.8	37.2	38.1	6.59	6.59	6.16
Paper & Allied Products	679.32	639.18	630.09	44.4	43.6	41.7	15.30	14.66	15.11
Printing & Publishing	427.32	421.50	440.86	36.0	35.6	36.8	11.87	11.84	11.98
Construction[4]	517.50	494.53	470.92	35.3	34.2	34.1	14.66	14.46	13.81
Communications & Utilities[5]	558.07	538.07	544.07	41.4	41.2	41.0	13.48	13.06	13.27
Trade[5]	306.33	312.22	295.83	33.7	33.9	34.2	9.09	9.21	8.65
Wholesale Trade	407.00	419.10	399.64	37.0	38.1	38.8	11.00	11.00	10.30
Retail Trade	253.61	257.90	242.95	31.9	31.8	31.8	7.95	8.11	7.64
Banking & Insurance[5]	350.95	357.40	344.82	37.9	37.9	38.7	9.26	9.43	8.91
State & Local Government	384.00	385.20	366.00						

[1]Figures are average gross hours and earnings of full and part-time worked or paid for, including overtime and shift premium pay. Prepared in cooperation with the U.S. Department of Labor. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

[2]Preliminary

[3]Revised

[4]Data for production workers only and exclude administrative, supervisory (above working foremen), technical, sales and office personnel.

[5]Data for nonsupervisory employees only, excluding proprietors and executive personnel. Data for retail trade excludes eating and drinking places.

EMPLOYERS' CORNER - DIVISION SERVICES TO EMPLOYERS

Dorothy Monnier

The Oregon Employment Division knows that the success of your business depends on the quality of your product or service. Hiring the best possible employee is of prime importance in maintaining that quality. Our employment service staff is committed to meeting your need for qualified applicants to fill your job openings.

Our local, statewide, and national recruitment capabilities make it possible to find qualified workers for you. We save you interviewing time by screening applicants prior to referral. Only those applicants who meet your job specifications will be referred to you for your consideration. Employment Service staff screen and refer applicants without regard to their race, color, national origin, physical or mental handicap, sex, age, marital status or religion.

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BONDING - We can provide fidelity bonding for qualified workers in permanent, full-time jobs when the inability to obtain bonding is the only barrier to employment. Paper work is minimal. Upon approval, coverage is effective within a few days. All costs are borne by the federal government.

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